



بنك دبي الإسلامي
Dubai Islamic Bank
#ReadyForTheNew

DUBAI ISLAMIC BANK
SUSTAINABLE FINANCE REPORT
2023



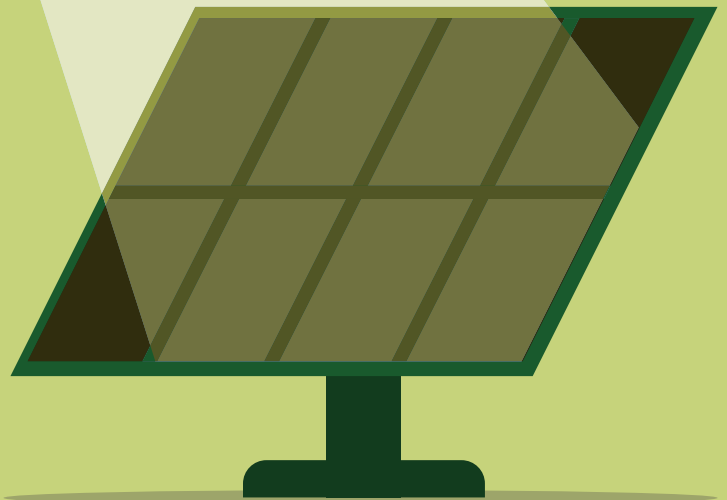
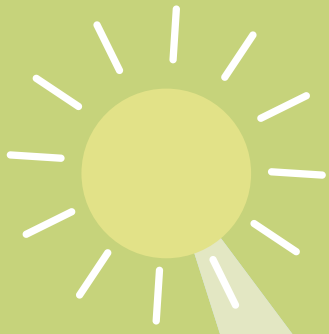


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Disclaimer

Introduction

BACKGROUND

Dubai Islamic Bank P.J.S.C. (“DIB” or the “Bank”) was officially inaugurated in 1975 by H.H Shaikh Rashid bin Al Maktoum as the first full-service Islamic bank to adopt the principles of Shariah in all its practices. DIB currently serves over 5 million customers across the group through its multiple branches and self-service banking channels.

The Bank has 5 core values under its “I CARE” approach:

- Inclusive - Accessible to all, and most importantly, without bias.
- Collaborative - Connected together as a team to deliver banking with ease.
- Agile - Deliver faster solutions and provide happy experiences.
- Responsible - Fair, transparent and accountable in making responsible decisions.
- Engaged - Passionate and committed to deliver fulfilling journey

DIB’S APPROACH TO SUSTAINABILITY

Our role as an Islamic financial institution involves:

- Promoting the welfare of the planet by reducing our environmental footprint
- Driving sustainable change in the way we do business and serve our customers
- Building a workplace where every employee knows that their voice will be heard
- Connecting back with the market we operate in and becoming an example for contributing to the global sustainable development agenda
- Proactively participating in developing and implementing, sustainable finance policies and agendas



DIB participated at COP28 as an Associate Pathway Partner, demonstrating its commitment to eco-conscious initiatives and sustainable financial solutions. DIB had a presence in the Green Zone’s Climate Finance Hub at the event. Dr. Adnan Chilwan, Group CEO of DIB, articulated the bank’s sustainability vision, “Our engagement with COP28 signifies the harmonization of the UAE’s net-zero objectives with DIB’s ESG mandates. Stepping forward as an Associate Pathway Partner, we not only validate our allegiance to the UAE’s sustainable objectives but also reinforce our strategic involvement at the COP28 Climate Finance Hub.”

SHARIA COMPLIANCE

DIB aims for high levels of Sharia compliance by offering only financial products and services that are regulated by Islamic Banking principles, which are periodically reviewed and approved by our Shariah Advisory Board, ensuring they are compliant with Sharia in all its objectives, activities, operations, and code of conduct.

CORPORATE SOCIAL RESPONSIBILITY

Our influence extends beyond the financial sector. We consider ourselves an integral part of the broader community tapestry, actively seeking opportunities to uplift and support. The Bank is committed to playing a critical role in improving the livelihoods of the community through proactive support for humanitarian causes. We have contributed over AED 195 million¹ in charitable donations to individuals, NGOs and charities in UAE and beyond borders, supporting infrastructure development in underdeveloped areas, alleviating food scarcity, constructing houses for earthquake victims, and providing homes for flood victims, among other initiatives benefitting over 100,000 needy beneficiaries.

DIB's Sustainable Finance Framework

INTRODUCTION

DIB intends to use this Framework as the basis to issue Green, Social or Sustainability sukuks and other financing instruments. The Sustainable Financing Instruments will fund Eligible Sustainable Projects that conform to below:


- the International Capital Market Association Green Bond Principles 2021, Social Bond Principles 2021 and Sustainability Bond Guidelines 2021
- the Loan Market Association Green Loan Principles 2021 and Social Loan Principles 2021

In aligning with the above principles and guidelines, the Bank's Sustainable Finance Framework is presented through the four core components of the GBPs, SBPs, SBGs, GLPs and SLPs:

1	Use of proceeds
2	Proceed for project evaluation and selection
3	Management of proceeds
4	Reporting

¹ As of October 2023

Use of proceeds

Category	Eligibility criteria	SDGs
Renewable Energy	Projects related to the production, transmission and storage of energy from renewable sources	
Energy Efficiency	Projects that reduce energy consumption by at least 20% compared to the average of national energy consumption of an equivalent project	
Clean Transportation	Financing related to electric and low carbon vehicles and associated infrastructure for public, passenger and freight transportation	
Green Buildings	Projects related to acquisition, development, construction and refurbishment of buildings that belong to the top 15% in terms of energy efficiency of their local market or have received, or expect to receive certification according to third-party verified green building standards	
Pollution Prevention and Control	Projects related to construction, upgrades and renovation of facilities for collection, sorting, processing and conversion and treatment of waste	
Sustainable Water and Wastewater Management	Projects related to construction, operation, maintenance, of water collection, recycling, transportation and treatment technologies. Projects that increase water-use efficiency by at least 20%, and water desalination using reverse osmosis technology	
Employment Generation	Financing and/or refinancing to SMEs and microfinance clients, as well as the provision of support measures to these clients such as offering extension of payment periods during natural disasters and pandemics Target population: SMEs, women-owned businesses, SMEs whose economic activities have been affected by pandemics and natural disasters	
Affordable Housing	Financing and/or refinancing of government-supported or government-subsidized mortgages for the provision of affordable housing as well as projects related to the homes covered under such programmes Target population: Populations meeting the criteria for government-supported affordable housing mortgage financing schemes	
Access to Essential Services	Projects related to the construction or expansion of public hospitals and schools for the provision of not-for-profit, free or subsidised healthcare and education Target population: General population, including populations that lack quality access to essential healthcare and education services	 

PROCESS FOR PROJECT EVALUATION AND SELECTION

The Project Evaluation and Selection Process will ensure that the proceeds of any DIB Sustainable Financing Instrument are allocated to finance or refinance Eligible Sustainable Projects that meet the criteria and objectives set out in DIB's Use of Proceeds definitions.

MANAGEMENT OF PROCEEDS

The proceeds of each DIB Sustainable Financing Instrument will be deposited in DIB's general funding accounts and earmarked for allocation towards the Eligible Sustainable Projects using the Sustainable Finance Register. The Sustainable Finance Register will contain the following information:

1. Sustainable Financing Instrument (Sukuk, Financing etc.) details
2. Allocation of Proceeds

SUSTAINABLE FINANCE WORKING GROUP RESPONSIBILITIES

- Meet at least quarterly, endeavored to be distributed evenly throughout the year
- Ratify Eligible Sustainable Projects, which are initially identified during the credit approval process
- Ensure that all Eligible Sustainable Projects have been assessed
- Undertake regular monitoring of the asset pool to ensure the eligibility of Sustainable Projects
- Facilitate reporting on any issuance in alignment with our Reporting commitments
- Manage any future updates to the DIB Sustainable Finance Framework
- Ensure that the approval of Eligible Sustainable Projects will follow the Bank's existing approval



Impact & Allocation Report Summary

About this report

This Sustainable Finance Report provides details on the following at an aggregate level:

1. Eligible Sustainable Asset Portfolio
2. Portfolio proceeds, split into eligible categories
3. Estimated impact metrics



This is the Bank’s first annual report published following the issuance of two Sustainable Sukuks. Dubai Islamic Bank PJSC (“DIB”), priced its inaugural Sustainable Sukuk in November 2022 - a USD 750 million 5-year senior issue and its second Sustainable Sukuk in February 2023 - a USD 1 billion 5.5-year senior issue.

This report is recommended to be read in conjunction with the DIB Sustainable Finance Framework. We engaged the Carbon Trust to calculate the estimated impact achieved by the Green Asset portfolio.

ESG Highlights

Publication of Sustainable Finance Framework	ESG Credit Risk Scorecard	ESG Credit Risk Policy	Evolve Auto Financing
Issuance of two Sustainable Sukuk	2030 ESG Strategy	Waste Recycling	Dubai Can
"One Tree for Everyone"		Nest Sustainable Home Finance	

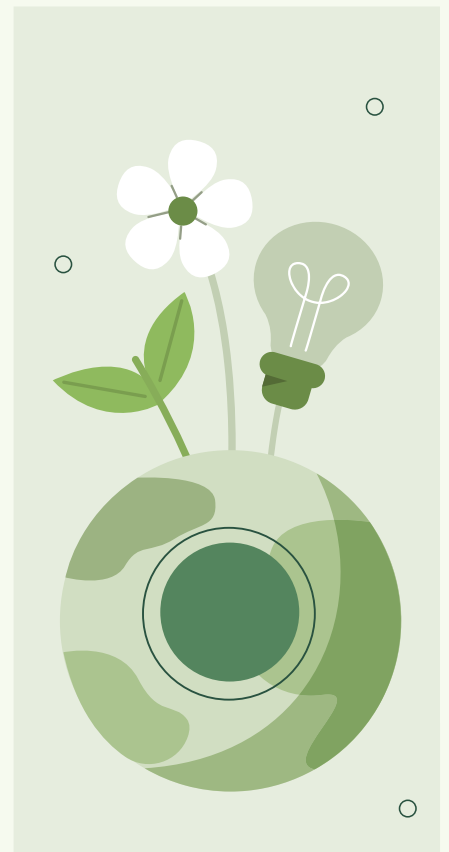
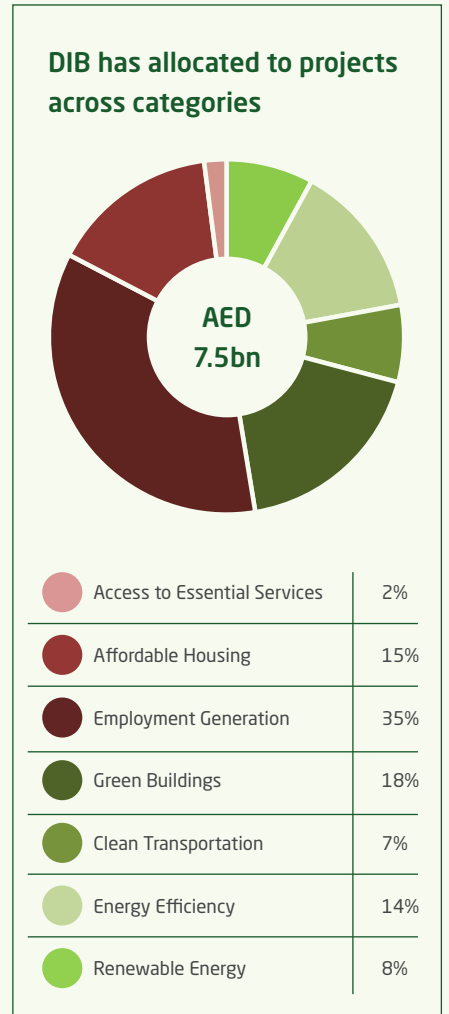
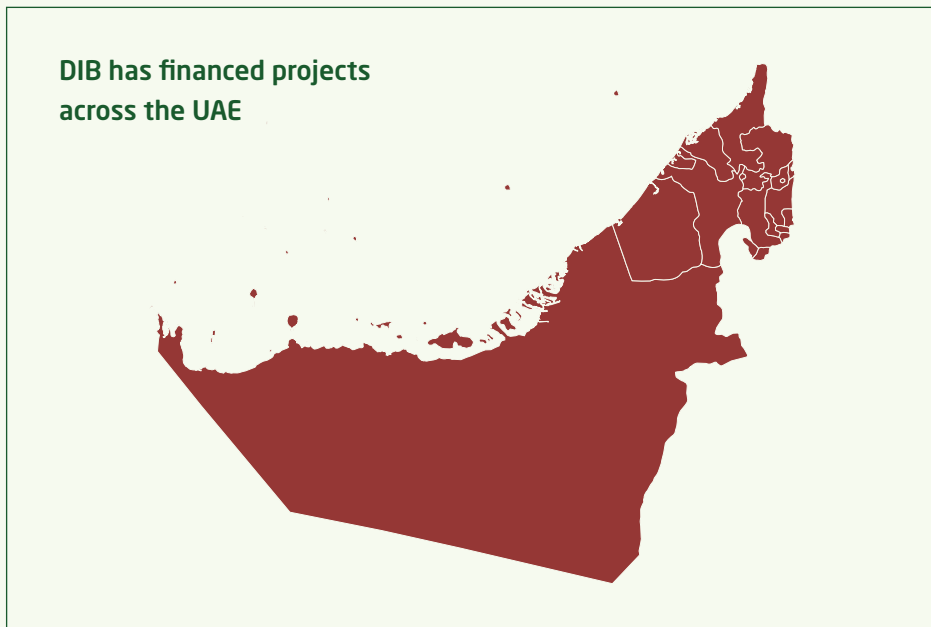
Allocation Highlights

USD 1.75 bn	Sustainable Sukuks Issued
USD 2 bn	Eligible Sustainable Asset Portfolio
87%	Eligible Sustainable Asset Portfolio allocated
47% Green Asset Portfolio	53% Social Asset Portfolio

Impact Highlights

Total Financed Emissions Avoided: 63,276.26 tCO2e

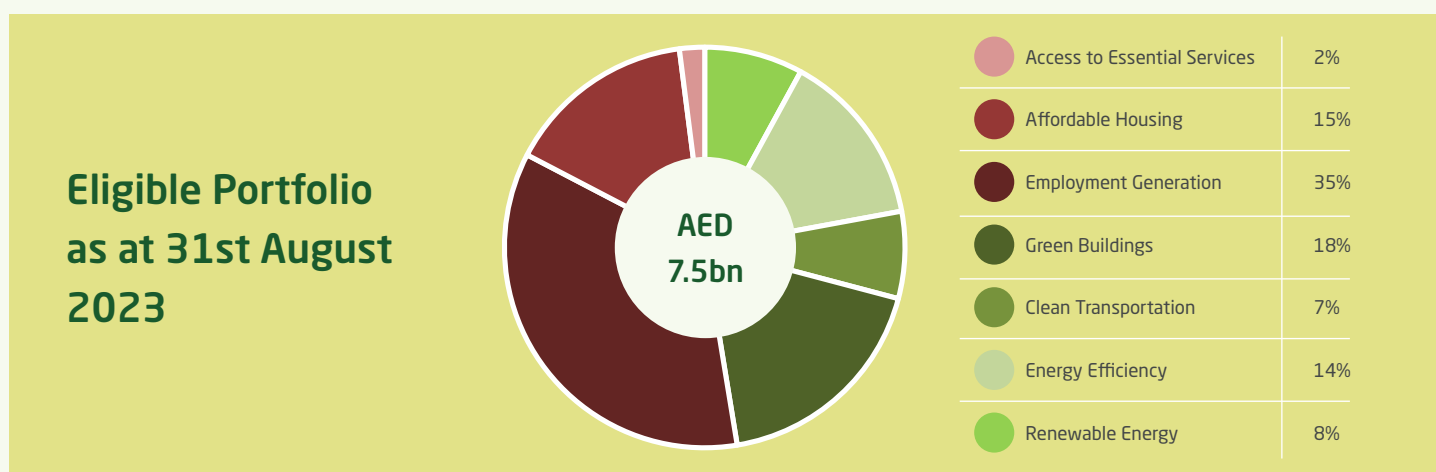
Related SDG's



Allocation report

Sustainability Sukuks Issued

Issuer	Dubai Islamic Bank	
Date	09-Feb-2023	22-Nov-2022
Rank	Senior Unsecured	Senior Unsecured
Net Proceeds (USDm)	1,000	750
Coupon	4.800	5.493
Tenure	5.5 yr	5 yr
ISIN	ZM9734348 CORP	ZN4974780 CORP



Eligible Green Asset Portfolio as at 31st August 2023

Eligible Green Asset Portfolio by category	Funded (AED m)	Funded (USD m)	%
Renewable Energy	591	161	8
Energy Efficiency	1,051	286	14
Clean Transportation	521	142	7
Green Buildings ²	1,357	370	18
Total	3,520	959	47

(1 AED = 0.27 USD)

² Note there is a slight discrepancy in the allocation versus impact data. Allocation data covers the full allocated amounts for the 4 projects, whereas the impact assessment table includes only the 2 projects with complete data.

Eligible Social Asset Portfolio as at 31st August 2023

Eligible Social Asset Portfolio by Category	Funded (AED m)	Funded (USD m)	%
Employment Generation	2,641	713	35
Affordable Housing	1,147	310	15
Access to Essential Services	152	41	2
Total	3,940	1,064	52

(1 AED = 0.27 USD)

Eligible Portfolio as at 31st August 2023

Key Metrics	%
Outstanding Sustainable Sukuk Proceeds Allocated	100
Eligible Green and Social Asset Portfolio allocated	87
Eligible Green and Social Asset Portfolio unallocated	13

(1 AED = 0.27 USD)



Impact report

IMPACT SUMMARY

DIB engaged the Carbon Trust to assess and estimate the impacts achieved by our Eligible Green Asset Portfolio, covering the Renewable Energy, Energy Efficiency, Clean Transportation and Green Buildings asset classes. The Carbon Trust was not engaged to estimate the impacts of the Eligible Social Asset Portfolio, covering the Employment Generation, Affordable Housing or Access to Essential Services asset classes.

Reporting of the environmental impacts of green bonds is evolving and is a relatively new concept. However, the Carbon Trust is committed to reporting on the method used to calculate the avoided GHG emissions based on:

PCAF's The Global GHG Accounting and Reporting Standard for the Financial Industry (November 2020), Chapter 5.3 Project Finance³

ICMA Harmonised Framework for Impact Reporting (2023)⁴

Climate Bonds Standard V3.0⁵

IFI GHG Accounting for Grid Connected Renewable Energy Projects (July 2019),

Green Loan Principles (Feb 2021),

Green Bond Principles, Voluntary Process Guidelines for Issuing Green Bonds (2021), and,

WBCSD Guidance on Avoided Emissions⁶

DIB follows the key recommendations outlined in the Principles, with external reviewers present across their reporting process. DIB further commits to transparent disclosure of any assumptions and estimations used in the calculation of its reporting framework.



³ The Global GHG Accounting and Reporting Standard for the Financial Industry (Dec 2022)

⁴ Handbook Harmonised framework for impact reporting (June 2023)

⁵ Climate Bonds Standard V3.0 | Climate Bonds Initiative

⁶ WBCSD Guidance on Avoided Emissions (Mar 2023)

Impacts of Eligible Asset Portfolio by Category

RENEWABLE ENERGY

The UAE currently relies on thermal power for most of its electricity supply. In 2021, thermal power accounted for 92.6% of the country's total electricity generation⁷. In line with the UAE's Energy Strategy 2050, the country aims to triple renewable energy generation by 2030, increase the contribution of clean energy in the total energy mix to 30% by 2031 (to an overall 44% by 2050), to ensure the country is on track to achieve its goal of becoming carbon-neutral by 2050.⁸ The UAE has two of the world's largest solar photovoltaic power plants (by capacity, in gigawatts) as of May 2023, and continues to build more⁹. At present, Dubai obtains 14% of its energy from Solar power compared to a global average of 9%.¹⁰

Increased investment into renewable energy generation in the UAE will be accompanied by job creation, as well as the upskilling of existing workers - an important area of focus during the energy transition to ensure job security of those looking to move from the conventional energy sector.¹¹ Additionally, a study by IRENA found that share of female full-time employees in the renewable energy sector was 32%, a much stronger presence than the conventional energy (oil and gas) sector of 22%.¹²



⁷ Clean energy reaches 14% of Dubai's total power production capacity (zawya.com)


⁸ UAE Energy Diversification | UAE Embassy in Washington, DC (uae-embassy.org)

⁹ Largest solar PV power plants worldwide 2023 | Statista

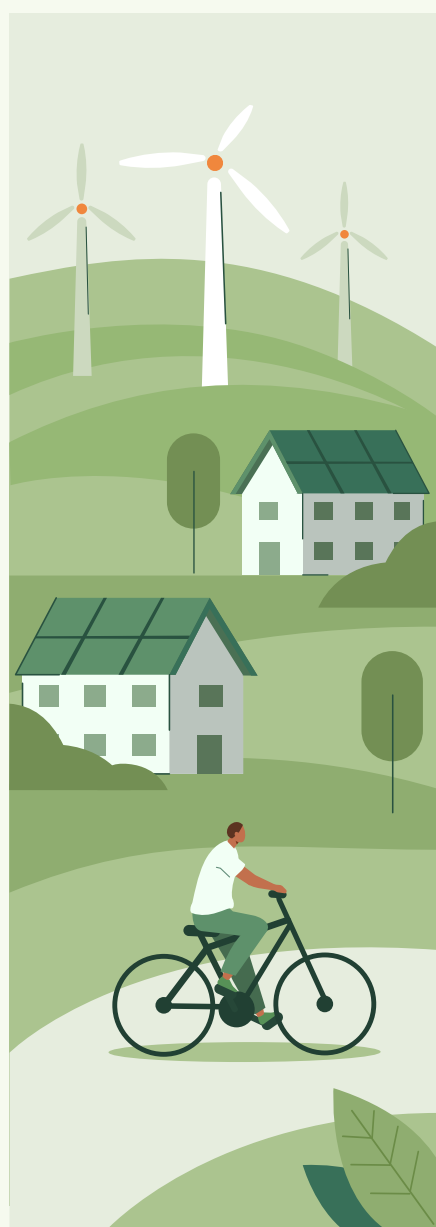
¹⁰ Renewables - Global Energy Review 2020 - Analysis - IEA

¹¹ Renewable energy benefits: Understanding the socio-economics (irena.org)

¹² Renewable energy: A gender perspective (irena.org)

Project type	Number of Projects	Location	Allocation amount (AEDm)	Share of total syndicated value (%)	Capacity of renewable energy plant(s) constructed or rehabilitated in MWe	Attributed annual renewable energy generation in MWh	Attributed annual GHG emissions avoided in tonnes of CO2 equivalent	SDGs
Solar	3	Dubai	591	15.26%	950	51,417.84	28,588.32	

DIB has, to-date, financed three projects consisting of: a concentrated solar tower; parabolic trough plants with molten salt storage; and, Solar PV. These are currently partly operational, and expected to be fully operational by end of 2023 with a combined generation capacity of 950 MWe. The chart above shows the attributed annual renewable energy generation and emissions avoided for the three projects.



Energy Efficiency

Dubai’s rapid infrastructure development has seen significant commensurate growth in energy demand, leading to a scale-up of renewable energy and energy efficiency measures to satisfy the demand in a sustainable way, while maintaining energy security. This is in line with the UAE Green Economy Initiative, UAE Integrated Strategy 2030 and the UAE 2050 Energy goals.¹³

Energy Efficiency improvements will also provide societal improvements across the UAE by reducing utility costs. With a mean temperature of 28.93°C rising to almost 43°C during peaks in 2022,¹⁴ cooling is a necessity to ensure health and wellbeing. As such, DIB’s investments will enable improved access to thermal societal comfort and reduce the health risks of inadequate cooling.

Cooling remains a major source of energy consumption across the MENA

region, including in Dubai. Therefore, a key part of strategies developed for climate action in the region, and improving energy efficiency in particular, is the greater incorporation of district cooling projects.¹⁵


District cooling has potential to increase the energy efficiency of UAE urban areas. Currently, the peak electricity load of cooling in buildings represents about 70% across GCC countries.¹⁶

¹³ 2014-State-of-Energy-Report-english.pdf

¹⁴ United Arab Emirates - Climatology | Climate Change Knowledge Portal (worldbank.org)

¹⁵ Cooling in Dubai: A Market Share and Efficiency Study | RSB

¹⁶ Energy efficiency in the UAE: Aiming for sustainability (pwc.com)

Project type	Number of Projects	Location	Allocation amount (AEDm)	Share of total syndicated value (%)	Attributed annual energy savings in MWh	Attributed annual avoided emissions in tonnes of CO2 equivalent	SDGs
Cooling systems	4	Dubai	1,051	52.30%	54,371.77	25,804.84	

To contribute to decarbonisation efforts related to cooling, DIB has financed the retrofit of four district cooling projects. As per DIB's Framework, these projects satisfy the requirement of reducing energy consumption by at least 20% compared to the average national energy consumption of an equivalent project or technology. The chart above shows the attributed annual energy savings and emissions avoided for four projects.

Clean Transportation

Accounting for 10% of the country's emissions in 2020, the transport sector remains a large source of emissions in the UAE and a key focus area for decarbonisation. To support this, the updated Energy Strategy 2050 includes targets of reaching 691,000 electric vehicles ("EVs") and hybrid vehicles by 2030.¹⁷ Dubai, as part of its Green Mobility Strategy 2030, also aims to achieve over 42,000 EVs on the roads, with a mandate that 30% of public sector vehicles and 10% of all vehicle sales are to be electric and/or hybrid by 2030.¹⁸

Over the past years, there has been a significant increase in the demand for EVs in the UAE, with an expected compound annual growth rate of 30% between 2022 and 2028.¹⁹ Dubai also expects to see an increase in demand over the coming years, with the number of EVs estimated

to be approximately 7,331 in 2023 and projected to grow to 12,852 by 2025.²⁰ DIB aims to support the reduction of the country's reliance on internal combustion engine vehicles ("ICE") and the shift towards more sustainable transport alternatives by financing electric and low carbon vehicles (which includes hybrid vehicles).

Although there is a lack of direct emissions from EVs and lower emissions from hybrid vehicles, the benefits of these vehicles are associated with the emissions intensity of the grid. As the overall UAE grid decarbonises, in alignment with the commitments within the UAE Energy Strategy 2050, the benefits associated with EVs and hybrid vehicles will increase as these are charged and powered using electricity from renewable energy sources.




¹⁷ UAE Energy Strategy 2050 | The Official Portal of the UAE Government

¹⁸ Dubai's green mobility ambitions shift into high gear (mediaoffice.ae)

¹⁹ Global Electric Mobility Readiness Index – GEMRIX 2022

²⁰ United Arab Emirates Electric Vehicle Market (trade.gov)

Project type	Location	Allocation amount (AEDm)	Share of total value financed (%)	Number and type of clean transportation infrastructure financed	Attributed annual GHG emissions reduced/avoided in tonnes of CO2 equivalent	SDGs
Low carbon vehicles	Dubai	521	89.06%	3,085 EVs	7,745.56	

To contribute to the reduction of direct emissions associated with private vehicles and the wider transport sector, DIB has entered into a partnership with the Dubai Electric and Water Association (“DEWA”) to provide discounted financing for electric vehicles (subject to meeting the requirements as set out within its Framework). DIB has, as at the time of reporting, financed a total of 3,085 EVs and hybrid vehicles. The chart above shows the number of vehicles financed and the attributed annual avoided emissions associated with the financing of these electric vehicles.

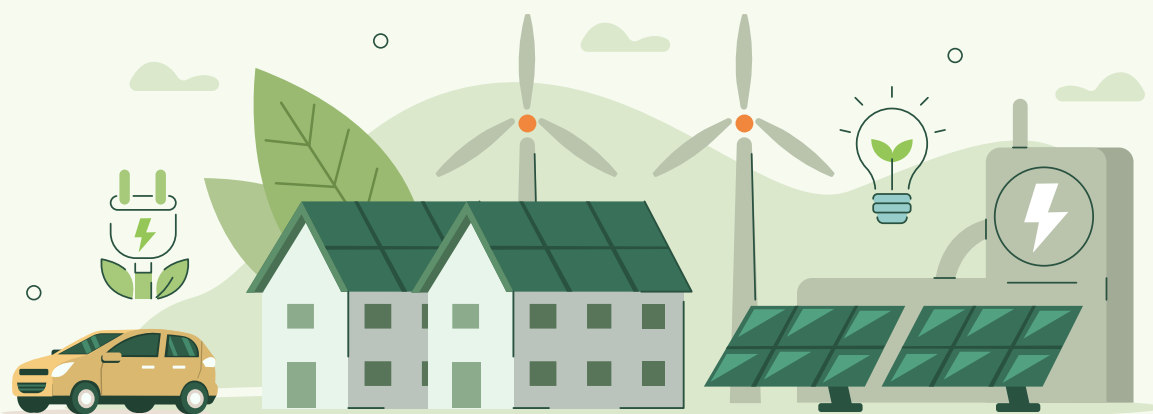
Green Buildings

In 2020, electricity and heat emissions, coupled with the construction and manufacturing sectors accounted for 47% of the UAE’s total emissions, with:

- 74.75 MtCO₂e attributed to electricity and heat emissions; and
- 75.02 MtCO₂e attributed to construction and manufacturing emissions.²¹

There is a large focus on sustainability across the GCC construction sector, which is further highlighted by Dubai being ranked third in a list of global cities with the highest number of green certified buildings, as per a report by Cushman & Wakefield in 2017.²² To further encourage the construction of green buildings, the UAE has introduced a broad set of sustainable and green building initiatives, such as the Estidama Pearl Rating System in Abu Dhabi and the Green Building Regulations and Specifications in Dubai.²³


To support these initiatives, and in line with the sustainability goals as set out in the Dubai Clean Energy Strategy 2050 and the UAE Energy Plan for 2050, DIB aims to invest in new or existing commercial or residential buildings that are in the top 15% in terms of energy efficiency, or have received, or are expected to receive, certification according to third-party verified green building standards.



²¹ United Arab Emirates: CO2 Country Profile - Our World in Data

²² The Green Issue: Sustainability and Wellness in Dubai - 2017 (cushwake.ae)


²³ Green Building Sector in the UAE: Perspectives | EcoMENA

Project type	Number of projects	Location	Allocation amount (AEDm)	Share of total syndicated value (%)	Type of scheme, certification level	Attributed annual energy savings in MWh	Attributed annual avoided emissions in tonnes of CO2 equivalent ²⁴	SDGs
Building acquisition, development, construction and refurbishment	2	Dubai	415	31.16%	Green Key; LEED GOLD, LEED PLATINUM	1,843.96	1,137.54	

At present, DIB has financed 4 new projects that have achieved Green Key Certification, LEED GOLD or LEED PLATINUM, in line with the requirements as set out within DIB's Framework. At the current time of reporting, only 2 out of the 4 projects had sufficient data to complete an impact assessment. The figures reflected in the chart above include those respective projects only. However, as data availability and granularity improves, DIB has committed to the inclusion of updated figures.


Employment Generation

The allocation to the employment generation category comprises general corporate purposes facilities issued to SMEs. The methodology assumes that the facilities provided from the proceeds of the Sukuks allows the SMEs to make investments which lead to higher levels of employment.

Project type	Location	Allocation amount (AEDm)	# and amount of financing to SMEs	SDGs
SMEs	UAE	2,641	871	

Affordable Housing

DIB's assumed impact on the development or acquisition of new housing units is calculated by multiplying the number of new affordable housing projects developed by an assumed 5 individuals. Based on 2022 census data, there are an average of 5.0 inhabitants per household in the UAE.²⁵

Project type	Location	Allocation amount (AEDm)	# housing units constructed / financed	#f individuals and families benefiting from subsidized housing	SDGs
Subsidized mortgages	UAE	1,147	997	4,985 ²⁶	



²⁴ At the current time of reporting, only 2 out of the 4 client projects provided DIB with sufficient data to calculate attributed annual energy savings and attributed annual avoided emissions. However, as data availability and granularity improves, pending the provision of further data from clients, DIB will update figures in subsequent impact reports accordingly.

²⁵ Age Specific Fertility Rates, Total and General Fertility Rates by Nationality - Emirate of Dubai (2019). https://www.dsc.gov.ae/Report/DSC_SYB_2019_01%20_%2015.pdf

²⁶ Assumed 5 individuals per dwelling - 2 parents plus average 3 children. Age Specific Fertility Rates, Total and General Fertility Rates by Nationality - Emirate of Dubai (2019). https://www.dsc.gov.ae/Report/DSC_SYB_2019_01%20_%2015.pdf

Access to Essential Services

DIB has allocated 152m AED in funding to NAFFCO to continue their work to promote fire safety.

Project type	Location	Allocation amount (AEDm)	SDGs
Essential public services	UAE	152	 

Case studies

Case Study 1: Noor Energy 1 Solar Project

DIB have disbursed USD 180M as an Equity Bridge Facility towards the Noor Energy 1 Solar Project

The state of the art solar project will have a power generation capacity of 950MW upon completion (expected in Dec 2023). It is part of the Mohammad Bin Rashid Park in Dubai and will contain:

- Largest single site concentrated solar power plant in the world
- The world’s largest solar tower at 260M height.
- Lowest cost of power generation at USD 7.30 per kWh, which is comparable to fossil fuel



Case Study 2: NAFFCO Firefighting Equipment



National Fire Fighting Manufacturing FZCO (NAFFCO) established in 1991, is a leading manufacturer in the Middle East, engaged in manufacturing and distributing full range of advanced firefighting equipment.

NAFFCO also provides total fire protection solutions to the most prestigious developments around the world, including residential buildings, commercial complexes, telecommunication centers, industrial installations and airports. The following are some of the

prestigious projects they have been a part of:

Burj Khalifa, Louvre Abu Dhabi, Palm Jumeirah, IKEA Distribution Center, Dubai Metro, Dubai Tram, Jumeirah Beach Residences, Zayed University, Masdar City, Dubai World Central Airport, Yas Mall, Mall of the Emirates, Mirdiff City Center, King Abdul Aziz Intl Airport, Emerald Palace Kempinski, Thematic District-Expo 2020, Al Wasal Plaza - Expo 2020, Bvlgari Resort - Dubai, The Royal Atlantis, Dubai Mall, Riyadh Metro and many more

NAFFCO have been continuously upgrading themselves to qualify for the global certifications leading to the worldwide acceptance of the manufactured range. The company's manufacturing and production is approved by British Standard Institution, National Fire Protection Association, National Safety Council, American Fire Sprinkler Association, Fire Extinguishing Trades Association. NAFFCO is an ISO-9001 certified manufacturer assuring highest standards of quality as evident from wide product acceptability and leading position in the market.

In addition to the social impact of its core products, NAFFCO has a Green Policy, under which it is committed to:

- Reduce the CO2 emissions by implementing management programs.
- Reduce the consumption of natural resources by conserving energy and water
- Prevention of pollution
- Comply with ISO 14001 and other requirements to the industry sector in which it operates
- Identify potential environmental impacts from NAFFCO operations by conducting environmental impact assessments for all activities, and then address recommendations in the decision-making

Apart from UAE, the company also has operations in KSA, Egypt and Qatar.

Methodology



In alignment with DIB's Sustainable Finance Framework, we provide both allocation and impact reporting for the purpose of demonstrating the expected environmental and social impacts of the two issued sukuk.

Reporting data on the impact of the overall Programme also allows investors to determine how much their own investments into the Programme contribute to delivering net zero, tackling climate change and supporting social causes. A separate document providing the detailed methodology used to calculate the impact of within each category can be found on the [DIB website](#). Given the range of data and novel reporting method, a number of steps were taken to ensure coherence in the methodology of the impact analysis.

DIB self-calculated the impact metrics achieved through allocation to social categories. For green impact metrics, DIB engaged the Carbon Trust to calculate the estimated impact.

Renewable Energy

Renewable energy generation is a low GHG emissions energy source and has an environmental benefit in replacing energy generated from fossil fuel-based power generation. Energy generated from renewable sources reduces the demand for fossil fuel sources and therefore reduces emissions of greenhouse gases into the atmosphere. In an electricity grid, renewable generation will displace fossil fuel sources and reduce the emissions intensity of the electricity grid.

For wind and solar PV assets, the actual (or estimated) energy

generation was multiplied by a consolidated country-specific electricity emissions factor for the relevant country grid electricity mix. In line with PCAF recommendations, the Operating Margin ("OM") was used as the emission factor. The OM represents the marginal generating capacity in the existing dispatch hierarchy that will most likely be displaced by the project. The full dataset for the OM emissions factors is published by IFI AHG-001.²⁷ This approach was undertaken instead of using the IFI combined margin as the OM provided the best outlook on which operations would most

be affected, and ultimately which technologies were most likely to have been reduced over a year. The emissions associated with RE are calculated based on the actual energy generation/export from the facility, multiplied by the emission factor for energy generation.

The equation for estimating the avoided emissions from RE can be seen below (where "i" is half hours from 1 - 17,520 for the measurement year):

Avoided emissions (tCO₂)

$$= \left(\sum_{i=1}^n \text{Generation (MWh)}_i \times \text{Renewable Energy Specific Emission Factor} \right) - \left(\sum_{i=1}^n \text{Generation (MWh)}_i \times \text{UAE Grid Operating Margin Carbon Intensity} \right)$$

All qualifying assets began operation in years dating prior to the base year (2023) and therefore were operating and generating energy during the reporting period. Assets that are not yet operational are reported on separately within the assessment to highlight future potential impacts. For each asset, DIBs portfolio companies provided the energy generation in the given year through actual generation figures on a half-hourly, monthly or annual basis. Where actual data is unavailable, P50 estimates are to be used. P50 estimates are a reasonable estimate in statistical modelling of energy generation and are commonly used in the evaluation of renewable energy assets. Where actual generation or suitable estimates were not available, average load factors were used to estimate generation based on the capacity of the projects.

²⁷ Renewable Energy GHG accounting approach

Energy efficiency

As a community-focused product, district cooling systems (“DCS”) create a network of pipes to cool buildings across a neighbourhood or region. DCS typically provides significantly higher energy efficiency by providing greater flexibility of cooling generation over time, reducing electricity usage compared to air conditioning systems. The implementation of

district cooling is anticipated to be a direct replacement to conventional air conditioning units which are used to cool individual units.

To calculate the emissions associated with DCS, the energy consumption required was multiplied against the consolidated country-specific EF. For the baseline, the energy consumption required to

produce the equivalent amount of refrigeration for a conventional air conditioning unit was multiplied against the consolidated country-specific EF. The equation for estimating the energy saved and avoided emissions from district cooling can be seen below (where “i” is half hours from 1 - 17,520 for the measurement year):

Avoided emissions (tCO₂)

$$= \left(\sum_{i=1}^n \text{District Cooling Electricity Consumption (MWh)}_i \times \text{UAE Grid Emission Factor} \right) - \left(\sum_{i=1}^n \text{Equivalent A/C Refrigerant Electricity Consumption (MWh)}_i \times \text{UAE Grid Emission Factor} \right)$$

Based on the Refrigeration Tonnage of the DCS, the consumption was determined against the equivalent tonnage of an individual unit. As a close comparison in geography and system, the data was sourced from a study carried out for the Government of Dubai.



Clean Transportation

Battery Electric Vehicles Impact Calculation

The baseline comparison is the equivalent distance travelled but through an internal combustion engine ("ICE") as seen in the equation below:

$$\begin{aligned}
 & \textit{Avoided emissions (tCO}_2\text{)} \\
 &= \sum (\text{EV Vehicle Specific Efficiency (kWh per km)} \times \text{Distance Travelled per Annum (km)} \\
 &\quad \times \text{UAE Grid Emissions Factor}) \\
 &- \sum (\text{ICE Vehicle Fuel Efficiency (CO}_2\text{ per km)} \times \text{Distance Travelled per Annum (km)})
 \end{aligned}$$

The make and model of each vehicle was provided by DIBs relevant portfolio companies. Using this information, CT carried out desktop research to determine the average distance driven within UAE per annum along with the average ICE vehicle fuel efficiency for the country.

Green buildings

With expected lifetimes of around 100 years, there is significant importance around the sustainable credential related to new and existing building stock, ensuring that high-carbon reliance is not locked in. To assess the impact of DIBs investments in Green Buildings, the Sustainable Finance Register was assessed on a parcel-by-parcel basis. The boundary of the carbon emissions assessment includes the carbon emissions associated

with the electricity and fossil fuel (e.g., oil, natural gas) used in the property on an annual basis. With all properties meeting LEED Gold standards, property certification was used as the proxy for this information. Data was provided per parcel from the representative portfolio companies as the total expected energy consumption, the total gross floor area and a breakdown in floor area by property type as a percentage.

The identified baseline is the annual carbon emissions of the average property type for the equivalent floor area, in the relevant geography. This aligns with the approach used in the green bond market for assessing the impact of green bonds that are financing/refinancing residential and commercial properties. The specific approaches for respective baseline calculations and proxy data are given below.

$$\begin{aligned}
 & \textit{Avoided emissions (tCO}_2\text{)} \\
 &= \sum (\textit{Total Parcel Energy Consumption (kWh)} \times \textit{UAE Grid Emissions Factor}) \\
 &- \sum (\textit{Property Type Average Estimated Use Intensity (kWh per m}^2\text{)} \\
 &\quad \times \textit{Property Type Floor Area} \times \textit{UAE Grid Emissions Factor})
 \end{aligned}$$

The property type estimated energy use intensities were sourced from a variety of scientific journals, Properties within projects where no floor area or energy consumption data available were excluded from the assessment.

Employment Generation

The impact calculation estimates the number of small-medium enterprises (SMEs) enabled from the issuance of the Sukuk up to 31 August 2023. This is based on financing to SMEs included in the Portfolio.

Data limitations, assumptions and risks:

The facilities which are financed or refinanced by the proceeds are provided for general corporate purposes (i.e. not provided to fund a specific project but can be used to fund any activity).

The methodology assumes that the general corporate purposes facilities financed by the proceeds of the Sukuks allow the SMEs to make investments which lead to higher levels of employment.

Affordable Housing

To estimate the impact of the funds provided by DIB to Affordable Housing projects, we use the amount of lending provided by DIB to these projects. For the impact calculation, the allocation pool is back dated to align to the most recently available data published, this being 31 August 2023.

DIB's assumed impact on the development or acquisition of new housing units is calculated by multiplying the number of new affordable housing projects developed by an assumed 5 individuals. Based on 2022 census data, there are an average of 5.0 inhabitants per household in the UAE.²⁸

Data limitations, assumptions and risks:

This report provides only an estimate of the assumed impact of the Affordable Housing proceeds based on data and the metrics set out in this report, which rely on assumptions and estimates.

Access to Essential Services

DIB has allocated 152m AED in funding to NAFFCO to continue their work to promote fire safety and security products and services. This aligns with DIB's framework project category, 'Essential public services including manufacturing of firefighting and other emergency equipment'. NAFFCO promotes safety and security to protect life and property across major industries namely residential and commercial facilities, airports and aviation, health care and education, military and police, hospitality and leisure.

Data limitations, assumptions and risks: the number of firefighting equipment produced were unable to be ascertained due to data limitations and lack of accuracy of production numbers.

²⁸ Age Specific Fertility Rates, Total and General Fertility Rates by Nationality - Emirate of Dubai (2019). https://www.dsc.gov.ae/Report/DSC_SYB_2019_01%20_%2015.pdf

Independent limited assurance report ISS-CORPORATE

Dubai Islamic Bank commissioned ISS-Corporate to provide a Report Review on its Sustainable Finance Report. The full assurance report is available on the [DIB website](#).

Review Section	Summary	Evaluation
Part 1. Alignment with the Issuer's commitments set forth in the Framework	DIB's Sustainable Finance Report meets the Issuer's commitments set forth in the Sustainable Finance Framework. The proceeds have been used to (re)finance green categories: Renewable Energy, Energy Efficiency, Clean Transportation, Green Buildings, and social categories: Employment Generation, Affordable Housing, and Access to Essential Services, in accordance with the eligibility criteria defined in the Framework.	Aligned
Part 2.a Alignment with the Harmonized Framework for Impact Reporting (HFIR)	The Sustainable Finance Report is in line with ICMA's Harmonized Framework for Impact Reporting (HFIR). The Issuer follows core principles, with the exception of reporting the Use of Proceeds allocation for Sukuk (ISIN: ZN4974780 CORP) which occurred after one year and two months, and where applicable key recommendations.	Aligned except for reporting on an annual basis
Part 2.b Alignment with the Harmonized Framework for Impact Reporting for Social Bonds (HFIRSB)	The Sustainable Finance Report is in line with ICMA's Harmonized Framework for Impact Reporting for Social Bonds (HFIRSB). The Issuer follows core principles with exception of reporting the Use of Proceeds allocation for Sukuk (ISIN: ZN4974780 CORP) which occurred after one year and two months, and where applicable key recommendations. The Issuer disclosed the amount of proceeds allocated, the target population, output indicators and social impact in line with the recommendations of the HFIRSB.	Aligned except for reporting on an annual basis
Part 3 Disclosure of proceeds allocation and soundness of reporting indicators	The allocation of the sukuks' proceeds has been disclosed, with a detailed breakdown across different eligible project categories at portfolio level as proposed in the Framework. DIB's Sustainable Finance Report has adopted an appropriate methodology to report the impact generated by providing comprehensive disclosure on data sourcing, calculations methodologies and granularity reflecting best market practices. Besides, the impact indicators used align with best market practices using ICMA's recommended metrics, either in the HFIR or the HFIRSB. Disclosure of impacts linked with the Access to Essential Services project category were not provided by the issuer due to data limitations and lack of accuracy of production numbers.	Positive

Disclaimer

Please Read Carefully.

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